



Internal Audit Department

Student Employment Audit Report

**June 2016
Report Number FY 16-10**

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Northern Arizona University
 Audit of Student Employment
 Audit Report
 June 21, 2016

Summary

Our audit of student employment at NAU is in the University's Annual Audit Plan for FY 2016, as approved by the Arizona Board of Regents Audit Committee. The audit links to NAU's strategic goals of sustainability and effectiveness and of student success. This is the first time student employment practices have been audited by Internal Audit.

Background: Student employees and graduate assistants provide a vital resource to NAU. While their primary endeavor is their studies, many student employees are able to fund their education as student workers, graduate assistants, and resident assistants. In 2015, NAU employed 4,666 student employees representing 187 departments. Salary expense for student employees represents approximately 9% of NAU's total salary expense. The tables below show the gross salaries and hours worked for student employees during the past three calendar years.

Total Salaries of Student Employees by Type

	CY 2013	CY 2014	CY 2015
Student Workers	\$12,889,088	\$13,384,109	\$12,881,068
Graduate Assistants	6,325,366	6,746,202	6,889,510
Federal Work Study	426,021	603,176	1,059,097
Total Salaries for Student Employees	\$19,640,475	\$20,733,487	\$20,829,676

Total Hours of Student Employees by Type

	CY 2013	CY 2014	CY 2015
Student Workers	1,272,577	1,429,725	1,348,480
Graduate Assistants	373,284	399,497	401,636
Federal Work Study	50,478	70,659	120,827
Total Hours for Student Employees	1,695,339	1,899,881	1,870,942

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Student employment responsibilities are decentralized. Some of the departments responsible for student employment practices include:

1. NAU Career Development maintains “Jobs for Jacks/Handshake” for students searching and applying for employment.
2. Hiring departments post their vacancies to Jobs for Jacks/Handshake or elect to use alternative solicitation methods. In addition to advertising open student positions, hiring departments are responsible to create student employment job descriptions; select and hire student workers, residential assistants, and graduate assistants; provide specific departmental and task training; ensure mandatory university training has been completed, communicate job expectations; determine hourly pay rates; resolve student grievances; request background checks; monitor hours worked for compliance to NAU policies and regulations; and terminate student employees for unacceptable performance or at the end of their work assignment.
3. The Office of Financial Aid, within EMSA, administers NAU’s Federal Work Study program. It determines who is eligible for the Federal Work Study program and monitors students’ compliance to ongoing program requirements.
4. Human Resources is responsible for:
 - ensuring students are eligible to work;
 - processing ePARS (electronic personnel action requests) per departmental instructions;
 - ensuring required background checks are performed;
 - monitoring compliance with the Affordable Care Act compliance; and
 - processing payroll.

Upon request, Human Resources will assist student employees and hiring departments in resolving grievances and disputes.

5. The Equity and Access Office ensures NAU meets its obligations regarding affirmative action in employment, equal opportunity, non-discrimination and harassment, and accessibility and reasonable accommodations for individuals with disabilities. The department provides mandatory Safe Working and Learning training to all new employees, including student workers. The office is also charged with investigating and resolving discrimination, harassment, and retaliation complaints.

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Nine of NAU's fifteen ABOR-approved peer institutions report having a student employment office. A summary of the functions performed by those offices follows:

University	Location within University	Functions
Akron	Financial Services and Student Employment	Posts jobs, assists students find jobs, maintains a student employment manual, and handles disputes between student workers and their supervisors.
Alabama	Financial Aid and Human Resources	Human Resources helps post jobs, educates students on proper practices to apply for and start jobs, maintains workplace expectations for students, provides training or helps departments provide training. FWS is managed by Financial Aid.
Bowling Green	Career Center	Hiring, payroll processing, payroll, training (works with Financial Aid on maintenance of the FWS annual allocation).
Kent State	Career Center	Hiring, development of student employment handbook, handles grievances after hiring department.
Maine	Financial Aid	Helps departments post jobs, provides services to student employees and potential student employees. Handles hiring paperwork, employee training, and employment policies. Manages FWS.
North Carolina at Greensboro	Career Services	Helps students find jobs, manages hiring paperwork, and manages FWS. Provides training to supervisors on how to manage student employees.
Northern Illinois	Human Resources	Maintains documentation on student workers, administers payroll, provides training, and handles grievances after hiring department.
Southern Illinois Carbondale	Financial Aid	Works with Payroll, Accounts Payable, and individual university hiring departments to support student workers. Student jobs are linked to the Student Life website.
Western Michigan	Career Services and Student Employment	Provides training for student employee supervisors, may meet with student employee and their supervisors to resolve grievances.

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Audit Objectives: The primary audit objectives for this review were to:

- evaluate and assess NAU's student employment practices for compliance to Federal regulations, and NAU policies and for consistency and fairness to student employees and
- identify opportunities to improve procedures for hiring and administering student employment.

Scope: The scope of this audit focused on student employment policies and procedures in effect as of March 31, 2016. Employment of graduate assistants, the Affordable Care Act, and Employment Eligibility Verification were not within the audit scope.

Methodology: The following procedures were performed to accomplish the audit objectives:

- Identified and met with primary departments responsible for administrating student employment;
- developed and distributed questionnaires to those primary departments who are charged with administrating student employment;
- analyzed the responses from 27 departments and noted their concerns;
- identified gaps between NAU procedures and compliance to Federal regulations and NAU policies; and
- researched student employment practices of peer institutions to identify alternative student employment practices that may benefit NAU.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

Conclusion: Administration of student employment at NAU has significant opportunities for improvement. NAU is subject to the following risks, primarily caused by the lack of a centralized student employment office:

- NAU may not be in compliance with the Americans with Disabilities Act (ADA) because the current job application and posting system is not accessible by students with particular disabilities. No effective alternative is provided for them to complete these processes.
- The lack of consistent policies, practices and procedures for student employment makes it difficult to investigate complaints and ensure that students are not subject to discrimination.

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- Without a well-documented hiring process and tracking of terminations, promotions and transfers, NAU cannot adequately comply with guidance from the Office of Federal Contract Compliance Programs (OFFCP) that universities include employees in their affirmative action plans and proactive programs.
- Student employment practices vary by department, creating duplicate procedures, inefficient and inconsistent practices, and inadequate oversight.

Recommendations for improvement are discussed further in the report.

We recommend a centralized Student Employment Office be created at NAU to administer student employment hiring and administration.

The control standards we considered during this audit and the status of the related control environment are provided in the following table.

General Control Standard (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
Reliability and Integrity of Financial and Operational Information	Not Applicable		
Safeguarding of Assets	Not Applicable		
Authorization Procedures	Not Applicable		
Effectiveness and Efficiency of Operations			
<ul style="list-style-type: none"> • NAU is aware of, and has established, student employment practices that are responsive to students and ensure regulatory requirements are met. 	Opportunity for Significant Improvement	1	7
<ul style="list-style-type: none"> • All students are provided the opportunity to apply for student employment. 	Opportunity for Significant Improvement	1	7
<ul style="list-style-type: none"> • Student employees are treated equitably and compensation is consistent. 	Opportunity for Improvement	1, 4, 5	7,10, 12
<ul style="list-style-type: none"> • Supervisors of student employees are timely and adequately trained; and a handbook has been developed for reference. 	Opportunity for Improvement	1, 6	7, 13

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General Control Standard (The bulleted items are internal control objectives that apply to the general control standards, and will differ for each audit.)	Control Environment	Recommendation No.	Page No.
<ul style="list-style-type: none"> • Student employees are adequately trained and made aware of job expectations; and a handbook has been developed for reference. 	Opportunity for Improvement	1, 6, 7	7,13, 14
<ul style="list-style-type: none"> • Applying for student employment is efficient for students. 	Opportunity for Improvement	1, 2	7, 8
Compliance with Laws and Regulations			
<ul style="list-style-type: none"> • Assurance is provided that NAU is in compliance with affirmative action and equal opportunity student employment policies and laws. 	Opportunity for Improvement	1, 3	7, 9
<ul style="list-style-type: none"> • Assurance is provided that NAU is in compliance with disability and equal access laws. 	Opportunity for Significant Improvement	1, 2	7, 8

We appreciate the assistance of all staff who responded to our questionnaires and interviews, including representatives from multiple offices within Enrollment Management and Student Affairs, the Equity and Access Office, Environmental Health and Safety, Graduate College, Human Resources, Contract and Purchasing Services, and the University College.

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Audit Results, Recommendations and Responses

1. NAU should create a student employment office.

Condition: Many of the administrative functions relating to student employment would be more effectively and efficiently performed by a centralized student employment office than by hiring departments.

Criteria: Hiring and administration of student employees should be efficient and effective. Hiring practices should:

- 1) facilitate compliance to federal regulations and NAU policies;
- 2) promote consistent compensation practices;
- 3) standardize steps in the hiring process, including the application for employment;
- 4) include a student-employee handbook and a supervisory handbook;
- 5) develop and implement an Affirmative Action Plan for student employees;
- 6) communicate student employment policies and procedures;
- 7) include awareness of leading practices via participation in student employment associations
- 8) include a process to work with outside employers to obtain and post jobs;
- 9) standardize performance evaluation procedures; and
- 10) standardize resolution of student grievances.

Cause: Student employment practices have developed piecemeal over time, with no central authority controlling them.

Effect: NAU student hiring and administration practices are inefficient, expose NAU to discrimination complaints, and create extra work for hiring departments.

Recommendation: NAU should create a student employment office.

Response:

- Finance and Administration: We concur and recommend that it be placed in EMSA within a student career services office.
- EMSA: We agree. The student employment office will be placed within the career services center with heavy collaboration with Financial Aid to ensure we are in compliance with Title IV requirements. Career Services will be moving back to EMSA during FY17; due to this we request a minimum of one year to make

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necessary changes.

2. Students with disabilities should be accommodated in applying for vacancies when necessary.

Condition: Some students with disabilities are not able to independently search for and apply for employment opportunities using Jobs for Jacks/Handshake. NAU does not provide and communicate alternatives to accommodate students with disabilities searching for student employment.

Criteria: The Americans with Disabilities Act (ADA) provides that employers are required to provide accommodations to the known physical or mental limitations of applicants or employees, unless the accommodation would result in an undue hardship on the employer. *No covered entity shall discriminate against a qualified individual with a disability because of the disability of such individual in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, and other terms, conditions, and privileges of employment.* ADA, Public Law 101-336, Section 102(a).

Section 504 of the Rehabilitation Act prohibits discrimination on the basis of disability in programs or activities that receive Federal financial assistance from the U.S. Department of Education. Title II of the Act prohibits discrimination on the basis of disability by state and local governments.

Reasonable accommodations should be provided to students with disabilities to comply with federal legislation and provide the largest pool possible of qualified student applicants. According to the U.S. Department of Labor Office of Federal Contract Compliance Program, online systems such as Jobs for Jacks/Handshake should utilize “universal design” techniques. Other reasonable accommodations may include providing information regarding job vacancies in a format accessible to individuals with vision or hearing impairments, e.g. Braille, Telecommunications Devices for the Deaf (TDDs), readers, and interpreters. Currently, no system can ensure accessibility in all scenarios; therefore, federal regulations require that applicants be provided an equally effective alternative with substantially equitable ease of use or be afforded the opportunity to request an accommodation from a designated individual.

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Cause: When the online application and job posting system was selected, the vendor agreed to meet appropriate accessibility standards. The vendor has not delivered on that promise.

Effect: NAU may not be compliant with federal regulations and not all qualified students are afforded the opportunity to apply for student employment.

Recommendation: NAU Career Development and Disability Resources should work with the vendor to upgrade Jobs for Jacks/Handshake to accommodate disabled students searching and applying for student employee openings. If not feasible, alternative procedures should be identified and considered for implementation.

Response:

- Finance and Administration: We concur and suggest that EMSA be asked to respond.
- EMSA: EMSA will review Jobs for Jacks/Handshake and make a recommendation in this regards. EMSA will work with ITS to identify alternative software that is assessable.

3. There should be consistent and well-documented employment practices to assure that NAU is in compliance equal employment opportunity regulations and can comply with affirmative action requirements.

Condition: NAU has a system in place to ensure that all qualified applicants applying for benefit-eligible positions have an equal opportunity for recruitment, selection, and advancement. However, there is no assurance that NAU's student employment practices comply with affirmative action (AA) and equal employment opportunity (EEO) regulations.

Criteria: According to NAU's Equity and Access Office (EAO), during the last few years the federal government has informed university federal contractors of the need to include student employees and graduate assistants in its affirmative action plan. (At present, the University of Arizona and Arizona State University reportedly do not include student employee in their affirmative action plans.) Universities have informed the government that compliance will be difficult and require additional funding resources.

An affirmative action plan requires that the following be documented:

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- Outreach to minorities, women, disabled students, and veterans;
- minimum and preferred qualifications for each job being offered;
- applications filled out by each student showing qualifications;
- a confidential form is provided for each applicant to voluntarily indicate their race, sex, and disability and veteran status. The form is submitted directly to Equity and Access and not be seen by the supervisor;
- how the applicants were ranked based on the required qualifications;
- an explanation of any deviations from the ranked selection order. For example, an applicant withdrew;
- a code assigned to each applicant not selected to indicate when and why they were no longer considered;
- a listing of individuals who were hired; and
- employee hiring, transfers, promotions and terminations.

Cause: Incorporating student employees in NAU's affirmative action plan would require significant resources.

Effect: There is no assurance that NAU's student employment practices comply with affirmative action (AA) and equal employment opportunity (EEO) regulations. NAU would have difficulty in disputing claims of discrimination since not all departments are documenting searches and retaining hiring, promotion, and termination records.

Recommendation: NAU should develop student hiring and administration procedures that enable NAU to be in compliance with AA and EEO requirements.

Response:

- Finance and Administration: We concur. HR would be happy to assist in areas where they can help.
- EMSA Career Services (effective FY17) will work with Affirmative Action and HR to incorporate any necessary federal and state AA and EEO policies.

4. Student employment practices should be standardized.

Condition: Hiring departments and supervisors have developed sound student employment practices, for the most part. However, practices often vary by department. For example, some departments:

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- require all their openings to be posted on Jobs for Jacks/Handshake while other departments rely on flyers, emails and word-of-mouth, or use a combination of methods;
- utilize a hiring committee to ensure fair hiring practices while other departments meet and discuss fair hiring practices when filling positions;
- have developed and use a hiring checklist to ensure that all hiring requirements have been fulfilled, i.e. required training has been taken, background checks have been requested, and the new employee packet has been completed and returned. Other departments do not use a checklist or are in the process of developing one;
- require formal performance evaluations at set dates while other departments rely on continuing informal performance evaluations;
- have developed formal disciplinary procedures while other departments have not; and
- have developed student employment handbooks while other areas have not.

Criteria: NAU policies and procedures should exist and enable student employment to be administered consistently across departments and according to Federal regulations.

Cause: Student employment practices have developed piecemeal over time, with no central authority controlling them. As a result, hiring departments have taken on the responsibility to develop job descriptions, fill open positions, evaluate performance, and determine pay rates.

Effect: Inconsistent employment practices may result in; 1) failure to provide all interested and qualified students the opportunity to apply for student employment, 2) a lack of assurance that all student employees are being treated fairly, and 3) inefficient departmental efforts.

Recommendation: NAU should standardize student employee hiring and administration practices, and create the appropriate policies and procedures, communication, training and tools to ensure that student employee hiring personnel have adequate support for following consistent practices.

Response:

- EMSA: We agree and per Recommendation 1 we will work to develop these practices over the next FY.

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5. Student compensation should be more consistent.

Condition: Compensation for student jobs is not consistent or equitable across the University. For example, student custodians are hired by both Facility Services and Resident Life for summer work. The student custodians who work for Residence Life are given free housing (taxable) and wages; while student custodians working for Facility Services are provided only wages.

Criteria: Student compensation across the University should be comparable, competitive and correspond to the challenges of the job.

Cause: Student employment practices have developed piecemeal over time, with no central authority controlling them.

Effect: Some students may be compensated more than other students who are doing the same or more difficult work. Student employees may leave jobs for other easier jobs, or similar jobs that provide greater compensation.

Recommendation: A process should be developed to better ensure equitable compensation for similar jobs across the University, especially within departments. Pay ranges and any benefits should be published.

Response:

- Finance and Administration: HR will participate in discussions and can provide compensation consulting assistance to the unit that will be responsible for administration and maintenance of student worker compensation and determining an equitable approach and guidelines. We suggest that high level student wage guidelines may be the best overall approach vs. any strict student compensation system where the administration and resources to manage might outweigh the benefit.
- EMSA: Will work collaboratively with Admin & Finance on developing the compensation to ensure we comply with Title IX policy.

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6. A student employee handbook and a handbook for supervisors of student employees should be developed.

Condition: A Student Employment Handbook developed by the Office of Scholarships and Financial Aid is available but has not been distributed to all hiring departments. According to Financial Aid, it is only intended to apply to the Federal Work Study program. No student employment handbook has been prepared and distributed to all student workers.

There is no supervisory handbook for supervisors to provide consistent direction in hiring, communicating job expectations, ensuring mandatory training is taken, evaluating performance, determining pay rates and merit increases, handling student grievances, recommended disciplinary process, etc.

Criteria: Standardized student employment and supervisory handbooks should be developed for reference and to promote consistent practices.

Cause: Student employment practices have developed piecemeal over time, with no central authority controlling them.

Effect: Consistent guidance is not provided to student employees and their supervisors that provides guidance regarding hiring procedures, regulations and policies, compensation, benefits and leaves, performance evaluation forms and guidelines, disciplinary procedures, compensation rates, contacts and listing of other available resources.

Recommendation: A student employee handbook that applies NAU-wide should be developed and kept current. The handbook developed by the Office of Financial Aid would be a good starting point. Evidence should be provide that reflects student employees are familiar with the handbook and its contents.

Response:

- Finance and Administration: HR will be glad to contribute to discussions in this area as appropriate. It is important to preserve the "at-will" nature of student employment and HR can assist with this. It is also appropriate to involve the Policy on Policy committee within the parameters of their charge. Presuming that the personnel hired by EMSA for the Student Employment/Career Services office also are

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responsible for resolving student employment grievances, HR will participate in the hiring process for personnel assigned to those tasks to help identify adequate skills and background. HR can also provide consulting assistance as needed to Student Employment/career Services personnel.

- EMSA will work collaboratively with HR and Financial Aid to develop a student handbook.

7. A centralized system for tracking student training should be implemented.

Condition: There is no assurance that all mandatory NAU training is taken by student employees. Supervisors request student employees to provide evidence of training taken or the supervisors contact the training administrators directly to confirm training taken.

NAU does not presently have a comprehensive learning management system in place for employee training.

Criteria: Evidence of all NAU training taken by students should be readily available for review by departmental supervisors and potential employers.

Cause: Lack of a student employment office and lack of information technology support.

Effect: There is no efficient way to identify what training students have received.

Recommendation: A centralized system for tracking student training would be the most effective solution for managing student training requirements, given the large volume of student employees and transient nature of student work. Until the centralized system is developed, we recommend that the hiring departments be made aware of their obligation to maintain manual records of all student training.

Response:

- Finance and Administration: We concur. The NAU department assigned student employment should communicate with departments to ensure they keep manual records until the ITS solution is launched.

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